



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 9, 1998

H.R. 3789 **Class Action Jurisdiction Act of 1998**

As ordered reported by the House Committee on the Judiciary on August 5, 1998

H.R. 3789 would expand the types of class-action lawsuits that would be heard initially in federal district court. As a result, most class-action lawsuits would be heard in federal district court rather than state court, and the bill would impose additional costs on the U.S. court system. While the number of cases that would be filed in federal court under this bill is highly uncertain, CBO expects that at least a few hundred additional cases would be heard in federal court each year. According to the Administrative Office of the United States Courts, class-action lawsuits tried in federal court cost, on average, about \$7,000. This estimate includes costs for salaries and benefits for clerks, rent, utilities, and associated overhead expenses. By comparison, the average cost for all civil cases heard in federal courts is about \$4,000 per case. (The 94 federal district courts currently handle about 270,000 cases each year.) Thus, CBO estimates that enacting H.R. 3789 would have only a small effect on the courts' workload, at a cost of less than \$5 million annually.

H.R. 3789 also would require the General Accounting Office to study the impact of the bill on the workload of the federal court system and to report to the Congress no later than one year after the bill's enactment. CBO estimates that this provision would cost less than \$500,000 over the 1999-2000 period, subject to the availability of appropriated funds.

CBO also estimates that enacting this bill could increase the need for additional judges. Because the salaries and benefits of district court judges are considered mandatory, adding more judges would increase direct spending. But H.R. 3789 would not—by itself—affect direct spending because separate legislation would be necessary to increase the number of judges. In any event, CBO expects that enacting the bill would not require any significant increase in the number of federal judges, so that any potential increase in direct spending from subsequent legislation would probably be less than \$500,000 a year.

Because H.R. 3789 would not affect direct spending or receipts, pay-as-you-go procedures would not apply to this bill. H.R. 3789 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Susanne S. Mehlman. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.